

WAYNE COUNTY
FINANCIAL STATEMENTS
DECEMBER 31, 2006

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INDEPENDENT AUDITOR'S REPORT

The Honorable Board of County Commissioners
Wayne County
Loa, Utah 84747

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Wayne County as of and for the year ended December 31, 2006, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Wayne County's management. Our responsibility is to express an opinion on these financial statements based on our audit.


We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Wayne County as of December 31, 2006, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 24, 2007, on our consideration of Wayne County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis, condition assessment of the County's infrastructure and budgetary comparison information on pages 6 through 15, 45 and 46 through 50 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Wayne County's basic financial statements. The combining and individual nonmajor fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements of Wayne County. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is also not a required part of the basic financial statements of Wayne County. The combining and individual nonmajor fund financial statements and schedules and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.


KIMBALL & ROBERTS, P. C.
Certified Public Accountants

May 24, 2007
Richfield, Utah

**WAYNE COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS**

This discussion of Wayne County's financial performance provides an overview of the County's financial activities for the year ending December 31, 2006. This report is in conjunction with the County's financial statements.

All amounts, unless otherwise indicated, are expressed in thousands of dollars.

The purpose of the County is to provide general services to its residents which includes general government, public safety, public health, highways and public improvements, park and recreation, conservation and economic development.

Financial Highlights:

- * The assets of Wayne County exceeded its liabilities as of the close of the most recent year by \$16,512 (net assets). Of this amount, \$508 (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors.
- * At the close of the current year, the Wayne County governmental funds reported combined ending fund balances of \$585. Approximately 93 percent of this total amount, \$542 is available for spending at the government's discretion (*unreserved fund balance*). The revenues of the General Fund were more than the final budget amounts, and expenditures were more than the adopted budgeted amounts.
- * At the end of the current year, unreserved fund balance for the general fund was \$468, or 16 percent of total general fund expenditures.
- * Wayne County's total debt decreased by \$186 during the current year.

Overview of the Financial Statements:

This discussion and analysis is intended to serve as an introduction to Wayne County's basic financial statements. Wayne County's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements:

The government-wide financial statements are designed to provide readers with a broad overview of Wayne County's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of Wayne County's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of Wayne County is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of Wayne County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges. The governmental activities of Wayne County include general government, public safety, public health, highways and public improvements, parks and recreation, conservation and economic development.

The government-wide financial statements include not only Wayne County itself (known as the primary government) but also two legally separate special service districts, one for garbage and sanitation services and one is for roads, facilities for flood control, hospital, recreation and any other lawful public facilities. Financial information for these component units is reported separately from the financial information presented for the primary government itself.

Refer to the table of contents for the location of the government-wide financial statements.

Fund Financial Statements:

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Wayne County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of Wayne County can be divided into two categories: governmental funds, and fiduciary funds.

Governmental Funds:

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statement, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on balance of spendable resources available at the end of the year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditure, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

Wayne County maintains four individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the B Road Fund and the Municipal Building Authority Fund which are considered to be major funds. Data from the other governmental fund is presented in a single column as a non-major fund.

Wayne County adopts an annual appropriated budget for all its governmental funds. Budgetary comparison statements have been provided for the general fund and major special revenue funds to demonstrate compliance with those budgets.

Refer to the table of contents for the location of the basic governmental fund financial statements.

Fiduciary Funds:

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those fund are *not* available to support Wayne County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Refer to the table of contents for the location of the basic fiduciary fund financial statements.

Notes To The Financial Statements:

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes are part of the basic financial statements.

Other Information:

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning Wayne County.

Government-Wide Financial Analysis:

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Wayne County, assets exceeded liabilities by \$16,512 at the close of the most recent fiscal year.

By far the largest portion of Wayne County's net assets (97 percent) reflects its investment in capital assets (e.g. land, buildings, machinery, equipment and infrastructure), less any related debt used to acquire those assets that is still outstanding. Wayne County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Wayne County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**Governmental Activities:
Wayne County's Net Assets**

	<u>Governmental Activities</u>	
	<u>2006</u>	<u>2005</u>
Current and Other Assets	578	1,486
Capital Assets	<u>16,407</u>	<u>15,383</u>
Total Assets	<u>16,985</u>	<u>16,869</u>
Long-Term Liabilities Outstanding	314	318
Other Liabilities	<u>160</u>	<u>572</u>
Total Liabilities	<u>474</u>	<u>890</u>
Net Assets:		
Invested in Capital Assets - Net of Related Debt	15,961	14,892
Restricted	43	249
Unrestricted	<u>508</u>	<u>838</u>
Total Net Assets	<u>16,512</u>	<u>15,979</u>

A portion of Wayne County's net assets (1 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* (\$508) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the year, Wayne County is able to report positive balances in all categories of net assets, both for the government as a whole, as well as for its separate governmental activities.

Governmental Activities:

Governmental activities increased Wayne County's net assets by \$533.

Wayne County's Changes in Net Assets

Governmental Activities

	<u>2006</u>	<u>2005</u>
Revenues:		
Program Revenues:		
Charges For Services	556	483
Operating Grants and Contributions	2,720	1,710
General Revenues:		
Property Taxes	465	481
Other Taxes	429	403
Federal Payment in Lieu of Taxes	240	234
Unrestricted Investment Earnings	<u>58</u>	<u>34</u>
Total Revenues	<u>4,468</u>	<u>3,345</u>
Expenses:		
General Government	1,725	825
Public Safety	860	787
Public Health	28	40
Highways and Public Improvements	1,046	823
Parks and Recreation	89	98
Economic Development	135	116
Culture and Recreation	48	31
Interest on Long-Term Debt	<u>4</u>	<u>20</u>
Total Expenses	<u>3,935</u>	<u>2,740</u>
Increase in Net Assets	533	605
Net Assets - Beginning	<u>15,979</u>	<u>15,374</u>
Net Assets - Ending	<u>16,512</u>	<u>15,979</u>

Financial Analysis of the Government's Funds:

As noted earlier, Wayne County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds:

The focus of Wayne County's *governmental funds* is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing Wayne County's financing requirements. In particular *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the year.

At the end of the year, Wayne County's governmental funds reported combined ending fund balances of \$585. Approximately 93 percent of this amount (\$542) constitutes unreserved fund balance, which is available for spending at the government's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed: 1) bond reserves \$14, and 2) landfill \$30.

The general fund is the chief operating fund of Wayne County. At the end of the current year, unreserved fund balance of the general fund was \$468, while total fund balance reached \$498. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures.

General Fund Budgetary Highlights:

Differences between the original budget and the final budget of \$425 can be briefly summarized as follows:

- * \$269 increase in general government
- * \$149 increase in public safety
- * \$4 increase in parks and recreation
- * \$3 increase in conservation and economic development

Of this increase, \$0 was funded out of prior year unreserved fund balance. During the year, however, actual revenues were more than budgeted revenues by \$385, and actual expenditures were less than budgeted expenditures by \$481 resulting in a net increase in fund balance of \$96.

Capital Asset and Debt Administration:

Capital Assets:

Wayne County's investment in capital assets for its governmental activities as of December 31, 2006, amounts to \$16,237 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements other than buildings, equipment and infrastructure, which includes roads, highways and bridges. The total increase in Wayne County's investment in capital assets for the current year was \$1,063.

Also, the County has elected to use the modified approach to account for its infrastructure assets, such as roads and bridges. That information can be found in the required supplemental information following the notes to the financial statements. Major capital asset events during the current year included the following:

Major capital asset events during the current year included the following:

* Completion of Community Center Building	884
* Cost of Voting Machines Contributed By The State	49
* Cost of New Fire Truck	88
* Cost of Other Equipment	42
	<hr/>
Total Additions	1,063

Wayne County's Capital Assets
(net of depreciation)

	<u>2006</u>	<u>2005</u>
Land	2,077	2,077
Infrastructure	11,724	11,724
Buildings	1,773	615
Equipment	663	546
Construction In Progress	-	421
Total	<u>16,237</u>	<u>15,383</u>

Additional information on Wayne County's capital assets can be found in the notes to the financial statements.

Long -Term Debt:

At the end of the current year, Wayne County had total bonded debt outstanding of \$276. The debt represents bonds secured solely by specified revenue sources (i.e. revenue bonds).

Wayne County's Outstanding Debt

	<u>2006</u>	<u>2005</u>
Revenue Bonds	<u>276</u>	<u>462</u>

Additional information on Wayne County's long-term debt can be found in the notes of the financial statements.

Economic Factors and Next Year's Budgets and Rates

- * The unemployment rate for Wayne County is 5.0 percent which is a decrease from a rate of 6.7 percent a year ago. This is about equal to the State's average unemployment rate of 4.9 percent and the national average rate of 5.1 percent.
- * The collection of property taxes in Wayne County is a major revenue source. The tax rates were not increased in 2006. The County collected \$465 in property tax in 2006.

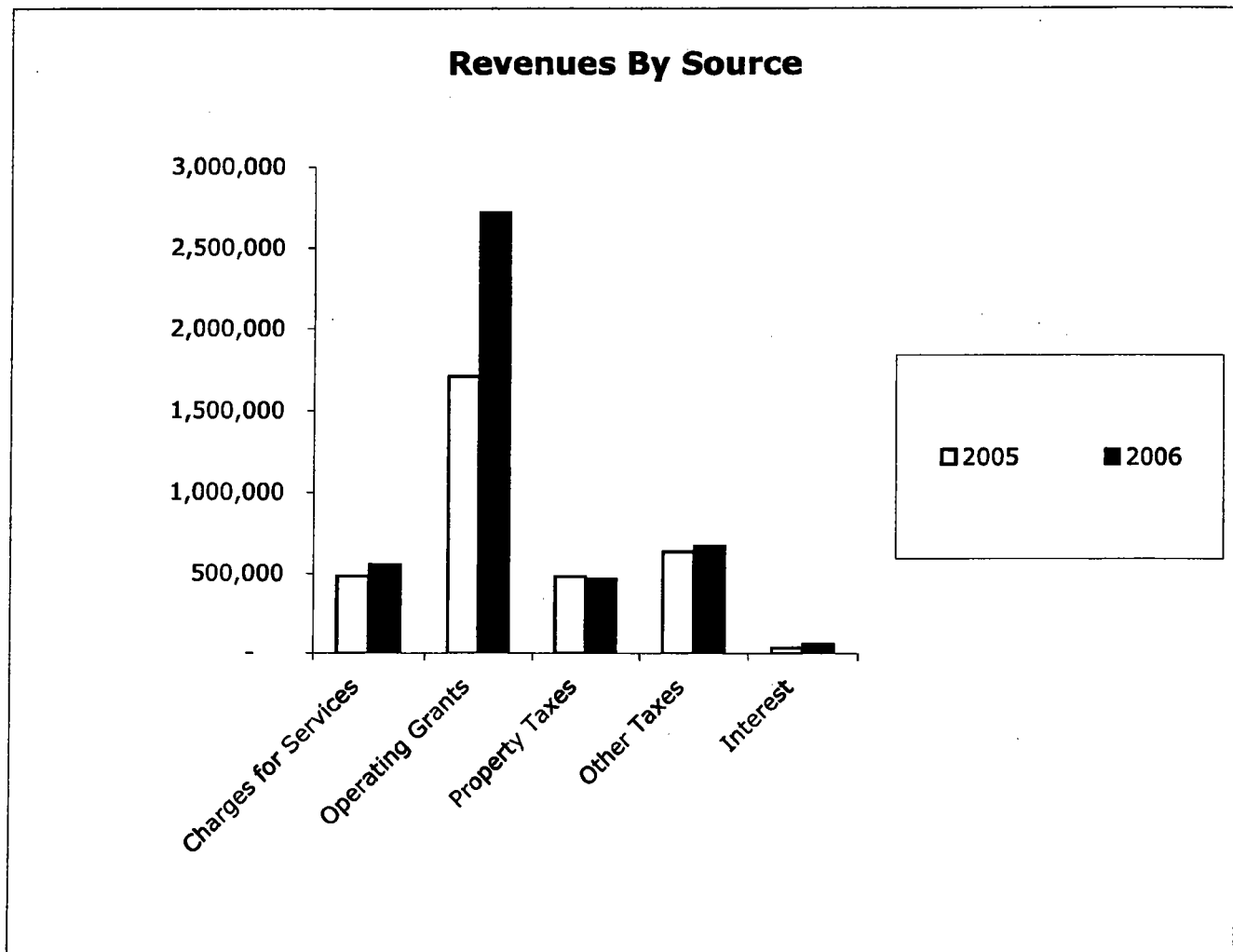
These factors were considered in preparing Wayne County's budget for 2007 year.

Request for Information

This financial report is designed to provide a general overview of Wayne County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Wayne County Clerk/Auditor, 18 South Main, Loa, Utah, 84747.

Wayne County
Revenues By Source
For The Year Ended December 31, 2006 and 2005

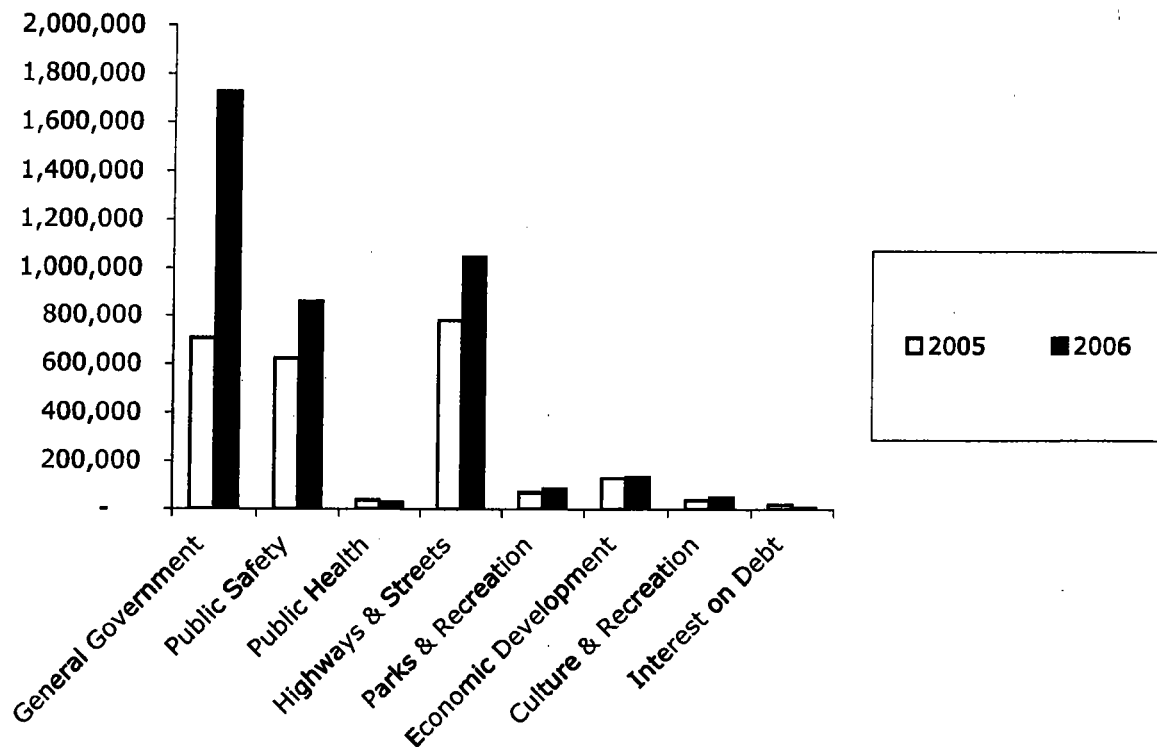
	2006	2005
Charges for Services	556,387	483,000
Operating Grants	2,720,307	1,710,158
Property Taxes	465,452	481,213
Other Taxes	668,575	637,197
Interest	57,659	33,671
Total	4,468,380	3,345,239



Wayne County
Expenses By Function
For The Year Ended December 31, 2006 and 2005

	<u>2006</u>	<u>2005</u>
General Government	1,724,862	708,151
Public Safety	859,983	625,637
Public Health	28,121	37,497
Highways & Streets	1,045,618	782,839
Parks & Recreation	88,633	69,897
Economic Development	134,961	132,168
Culture & Recreation	48,895	37,039
Interest on Debt	4,545	19,403
Total	<u>3,935,618</u>	<u>2,412,631</u>

Expenses By Function





BASIC FINANCIAL STATEMENTS

**WAYNE COUNTY
STATEMENT OF NET ASSETS**

December 31, 2006

	<u>Primary Government Governmental Activities</u>	<u>Component Units</u>
ASSETS		
Current Assets:		
Cash and Cash Equivalents	367,138	1,088,697
Accounts Receivable (Net)	15,000	-
Due From Other Government Units	196,350	-
Total Current Assets	<u>578,488</u>	<u>1,088,697</u>
Noncurrent Assets:		
Restricted Cash and Cash Equivalents	170,380	-
Capital Assets (Net of Accumulated Depreciation)	16,236,847	387,919
Total Noncurrent Assets	<u>16,407,227</u>	<u>387,919</u>
TOTAL ASSETS	<u>16,985,715</u>	<u>1,476,616</u>
LIABILITIES		
Current Liabilities:		
Accounts Payable	147,727	-
Revenue Bonds Payable - Due Within One Year	12,000	36,000
Total Current Liabilities	<u>159,727</u>	<u>36,000</u>
Noncurrent Liabilities:		
Landfill Closure and Postclosure Costs	16,000	-
Revenue Bonds Payable - More Than One Year	264,000	330,000
Compensated Absences	33,978	-
Total Noncurrent Liabilities	<u>313,978</u>	<u>330,000</u>
TOTAL LIABILITIES	<u>473,705</u>	<u>366,000</u>
NET ASSETS		
Investment in Capital Assets, Net of Debt	15,960,847	21,919
Restricted For:		
Bond Reserves	14,000	-
Landfill Postclosure Costs	29,580	-
Unrestricted	507,583	1,088,697
TOTAL NET ASSETS	<u>16,512,010</u>	<u>1,110,616</u>
TOTAL LIABILITIES AND NET ASSETS	<u>16,985,715</u>	<u>1,476,616</u>

The notes to the financial statements are an integral part of this statement.

WAYNE COUNTY
STATEMENT OF ACTIVITIES
For The Year Ended December 31, 2006

	Program Revenues			Net (Expense) Revenues	
	Expenses	Charges for Services	Operating Grants/Contributions	Primary	Changes in Net Assets
Function/Programs Primary Government:					
Governmental Activities:					
General Government	1,724,862	331,723	1,014,304	(378,835)	-
Public Safety	859,983	-	12,137	(847,846)	-
Public Health	28,121	125,530	31,727	129,136	-
Highways and Public Improvements	1,045,618	16,627	894,304	(134,687)	-
Park and Recreation	88,633	55,116	-	(33,517)	-
Economic Development	134,961	26,081	760,900	652,020	-
Culture and Recreation	48,895	1,310	6,935	(40,650)	-
Interest on Long-Term Debt	4,545	-	-	(4,545)	-
Total Primary Government	<u>3,935,618</u>	<u>556,387</u>	<u>2,720,307</u>	<u>(658,924)</u>	<u>-</u>
Component Units:					
Governmental Type:					
Road District	180,123	-	381,607	-	201,484
Sanitation District	338,364	208,757	130,619	-	1,012
Total Component Units	<u>518,487</u>	<u>208,757</u>	<u>512,226</u>	<u>-</u>	<u>202,496</u>
General Revenues:					
Property Taxes				465,452	-
Fee-In-Lieu of Property Taxes				67,153	-
Transient Room Tax				108,339	-
Restaurant Tax				34,479	-
Sales Taxes				218,406	-
Federal Payments in Lieu of Taxes				240,198	-
Grants and Contributions Not Restricted to Specific Programs				-	-
Unrestricted Investment Earnings				57,659	-
Total General Revenues and Transfers				<u>1,191,686</u>	<u>-</u>
Change in Net Assets				532,762	202,496
Net Assets - Beginning				15,979,248	908,120
Net Assets - Ending				<u>16,512,010</u>	<u>1,110,616</u>

The notes to the financial statements are an integral part of this statement.

**WAYNE COUNTY
BALANCE SHEET
GOVERNMENTAL FUNDS**

For The Year Ended December 31, 2006

	General Fund	Class B Roads Fund	Municipal Building Authority	Non-Major T.V. Fund	Total Governmental Funds
ASSETS					
Cash and Cash Equivalents	426,121	-	44,496	66,901	537,518
Accounts Receivable (Net)	15,000	-	-	-	15,000
Due From Other Government Units	46,392	149,958	-	-	196,350
Due From Other Funds	142,608	-	-	-	142,608
TOTAL ASSETS	<u>630,121</u>	<u>149,958</u>	<u>44,496</u>	<u>66,901</u>	<u>891,476</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable	116,164	31,563	-	-	147,727
Accrued Landfill Costs	16,000	-	-	-	16,000
Due to Other Funds	-	142,608	-	-	142,608
Total Liabilities	<u>132,164</u>	<u>174,171</u>	<u>-</u>	<u>-</u>	<u>306,335</u>
Fund Balances:					
Reserved For:					
Bond Reserves	-	-	14,000	-	14,000
Landfill Postclosure	29,580	-	-	-	29,580
Unreserved, Reported In:					
General Fund	468,377	-	-	-	468,377
Special Revenue Funds	-	(24,213)	30,496	66,901	73,184
Total Fund Balance	<u>497,957</u>	<u>(24,213)</u>	<u>44,496</u>	<u>66,901</u>	<u>585,141</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>630,121</u>	<u>149,958</u>	<u>44,496</u>	<u>66,901</u>	<u>891,476</u>

The notes to the financial statements are an integral part of this statement.

WAYNE COUNTY
BALANCE SHEET RECONCILIATION TO STATEMENT OF NET ASSETS

December 31, 2006

Total Fund Balances - Governmental Fund Types	585,141
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Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:

Land	2,077,050	
Buildings	1,773,251	
Equipment	662,546	
Infrastrucrture	<u>11,724,000</u>	

Total		16,236,847
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Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds:

Revenue Bonds	(276,000)	
Compensated Absences	<u>(33,978)</u>	

Total		<u>(309,978)</u>
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Net Assets of Government Activities	<u><u>16,512,010</u></u>
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WAYNE COUNTY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

For The Year Ended December 31, 2006

	General Fund	Class B Roads Fund	Municipal Building Authority	Non-Major T.V. Fund	Total Governmental Funds
Revenues:					
Property Tax	465,452	-	-	-	465,452
Fee-In-Lieu of Property Tax	67,153	-	-	-	67,153
Sales Tax	218,406	-	-	-	218,406
Transient Room Tax	108,339	-	-	-	108,339
Restaurant Tax	34,479	-	-	-	34,479
Licenses and Permits	74,303	-	-	-	74,303
Intergovernmental	1,346,740	894,193	719,572	-	2,960,505
Charges for Services	277,228	-	-	40,578	317,806
Fines and Forfeitures	67,010	-	-	-	67,010
Interest	51,656	-	6,002	-	57,658
Miscellaneous	83,932	112	13,225	-	97,269
Total Revenues	2,794,698	894,305	738,799	40,578	4,468,380
Expenditures:					
Current:					
General Government	1,659,297	-	-	-	1,659,297
Public Safety	820,291	-	-	-	820,291
Public Health	15,994	-	-	-	15,994
Highways and Public Improvements	-	953,396	-	-	953,396
Parks and Recreation	82,383	-	-	-	82,383
Economic Development	134,961	-	-	-	134,961
Culture and Recreation	-	-	-	48,895	48,895
Capital Outlay	162,984	15,915	884,757	-	1,063,656
Debt Service:					
Principal	14,183	166,000	6,000	-	186,183
Interest	709	3,836	1,250	-	5,795
Total Expenditures	2,890,802	1,139,147	892,007	48,895	4,970,851
Net Change In Fund Balance	(96,104)	(244,842)	(153,208)	(8,317)	(502,471)
Fund Balance - Beginning	594,061	220,629	197,704	75,218	1,087,612
Fund Balance - Ending	497,957	(24,213)	44,496	66,901	585,141

The notes to the financial statements are an integral part of this statement.

WAYNE COUNTY
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

For The Year Ended December 31, 2006

Amounts reported for governmental activities in the statement of activities
are different because:

Net Changes in Fund Balances - Total Governmental Funds	(502,471)
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period:

Capital Outlays	1,063,656	
Depreciation	<u>(209,529)</u>	
Total		854,127

The issuance of long-term debt (e.g., bonds, leases) provide current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. This amount is the net effect of these differences in the treatment of long-term debt and related items:

Bond Principal Payments	186,183
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:

Bond Interest Payable	1,250	
Compensated Absences	<u>(6,327)</u>	
Total		<u>(5,077)</u>

Changes In Net Assets of Governmental Activities	<u><u>532,762</u></u>
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**WAYNE COUNTY
STATEMENT OF FIDUCIARY NET ASSETS
AGENCY FUND**

December 31, 2006

ASSETS:

Cash and Investments	1,955
Property Taxes Receivable	<u>19,056</u>
TOTAL ASSETS	<u>21,011</u>

LIABILITIES:

Collections Payable	<u>21,011</u>
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FIDUCIARY NET ASSETS:

Net Assets	<u>-</u>
TOTAL LIABILITIES AND FIDUCIARY NET ASSETS	<u>21,011</u>

The notes to the financial statements are an integral part of this statement.

WAYNE COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of Wayne County have been prepared in conformity with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board.

The accompanying financial statements present the financial position of various fund types and the results of operations of the various fund types. The financial statements are presented for the year ended December 31, 2006.

A. Reporting Entity:

For financial reporting purposes, Wayne County has included all funds and account groups. The County has also considered all potential component units for which it is financially accountable and that exclusion would cause the County's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the County to impose its will on that organization or (2) the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the County.

As required by generally accepted accounting principles, these financial statements present Wayne County (the primary government) and its component units. The component units, the Special Service District #1 and the Sanitation Special Service District are included in the County's reporting entity because of the significance of their operational or financial relationship with the County. Complete financial statements of the individual component units, which issued separate financial statements, can be obtained from the Wayne County Clerk's office in Loa, Utah.

Discrete Component Units:

These component units are entities which are legally separate from the County, but are financially accountable to the County or whose relationships with the County is such that exclusion would cause the County's financial statements to be misleading or incomplete. The County must approve their tax rates and debt. The County could also take away their operating authority and could dissolve the districts. These districts were organized under the State of Utah's Statute for special service districts, Section 17A-2-1300. The component unit column of the combined financial statements includes the financial data of the following entities:

- * Wayne County Special Service District #1 (Governmental Fund Type) - This District was created by the adoption of a resolution to establish a Special Service District by the Wayne County Commissioners on January 4, 1989 for the purpose of improving roads, public health, hospital, recreation, or other areas allowed by Section 11-23-4 of the State of Utah code. The Special Service Districts administrative control board consists of three (3) members, each of whom was appointed by the County Board of Commissioners.

WAYNE COUNTY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- * Wayne County Sanitation Special Service District (Governmental Fund Type) - This District was created by the adoption of a resolution to establish a Special Service District by the Wayne County Commissioners on July 6, 1993 for the purpose of construction, repair and maintenance of all facilities and to provide total garbage and sanitation services to all unincorporated and incorporated areas in Wayne County. The special Service District's administration control board consists of five (5) members, each of whom was appointed by the County Board of Commissioners.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., statement of net assets and statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting and Basis of Presentation

The government-wide financial statements are reported using the economic resources measurement focus and accrual basis of accounting as are the proprietary fund and the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

WAYNE COUNTY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, Wayne County considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses and interest associated with the current fiscal period are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenues items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The B Road Fund receives funding from the State Department of Transportation to be expended on eligible B Roads in the County.

The Municipal Building Authority constructs facilities and leases these facilities to the County for County purposes.

The Government also reports the following Other Governmental Funds:

The TV Fund receives money from fees charged to County residences to fund the expenditures for maintenance of the television facilities.

Additionally the Government reports the following fund types:

The Treasurer's Tax Collection Agency Fund is used to account for taxes collected by the County Treasurer and paid to the taxing entities within the County.

The Justice Court Trust Fund collects fines and bail monies in the Justice Court and remits the monies to the appropriate agencies and parties to the court actions.

The District Court Trust Fund which collects fines and bail monies in the District Court and remits the monies to the appropriate agencies and parties to the court actions.

WAYNE COUNTY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Assets, Liabilities and Net Assets or Equity

Deposits and Investments:

The government's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the government to invest in obligations of the U. S. Treasury, commercial paper, corporate bonds, repurchase agreements and the State Treasurer's Investment Pool.

Investments for the government, as well as for its component units, are reported at fair value. The State Treasurer's Investment Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

Capital Assets:

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

WAYNE COUNTY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property, plant and equipment of the primary government, as well as the component units, is depreciated using the straight line method over the following estimated useful lives:

Buildings	40 Years
Equipment	5 - 10 Years

Compensated Absences:

The County has a policy which allows employees to accumulate vacation pay and sick pay. The County allows 144 hours of vacation pay to be carried over from year to year.

Long-Term Obligations:

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net assets.

In the fund financial statement, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, if any, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund Equity:

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designation of fund balance represent tentative management plans that are subject to change.

E. Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

WAYNE COUNTY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Property Taxes:

Property taxes are assessed and collected for the County by Wayne County and remitted to the County shortly after collection. Property taxes become a lien on January 1 and are levied on the first Monday in August. Taxes are due and payable November 1, and are delinquent after November 30. All dates are in the year of levy.

G. Budgets and Budgetary Accounting:

Annual budgets are prepared and adopted by ordinance by total for each department, in accordance with State law, by the County Auditor and County Commissioners on or before December 15 for the following fiscal year beginning January 1. Estimated revenues and appropriations may be increased or decreased by resolution of the County Commissioners at any time during the year. A public hearing must be held prior to any proposed increase in a fund's appropriations. Budgets include activities in the General Fund. The level of the County's budgetary control (the level at which the County's expenditures cannot legally exceed appropriations) is established at the department level. Each department head is responsible for operating within the budget for their department. All annual budgets lapse at fiscal year end.

Utah State law prohibits the appropriation of unreserved General Fund balance to an amount less than 5% of the General Fund revenues. The 5% reserve that cannot be budgeted is used to provide working capital until tax revenue is received, to meet emergency expenditures, and to cover unanticipated deficits. The maximum in the General Fund may not exceed 50% of the General Fund's total revenue.

Once adopted, the budget may be amended by the County Commissioners without a public hearing provided the budgeted expenditures do not exceed budgeted revenues and appropriated fund balance. A public hearing must be held if the budgeted expenditures will exceed budgeted revenues and any fund balance which is available for budgeting. With the consent of the Commissioners, department heads may reallocate unexpended appropriated balances from one expenditure account to another within that department during the budget year. Budgets for the General Fund are prepared on the modified accrual basis of accounting. Encumbrances are not used.

NOTE 2 - DEPOSITS AND INVESTMENTS

The County maintains a cash investment pool that is available for use by all funds. Each fund type's portion in this pool is displayed on the combined balance sheet as "Cash and Investments."

WAYNE COUNTY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Deposits:

At December 31, 2006, the carrying amount of Wayne County's deposits for the primary government was \$479,730 and the bank balance was \$626,605. Of the bank balance \$100,000 was covered by federal depository insurance. At December 31, 2006, the carrying amount of the component unit's deposits was \$189,600 and the bank balance was \$189,600. Of the bank balance \$100,000 was covered by federal depository insurance. The remaining deposits for the primary government were uninsured and uncollateralized and were held by various financial institutions. The State of Utah does not require collateral on deposits. However, the State Commissioner of Financial Institutions monitors financial institutions monthly and establishes limits for deposit of public money at individual financial institutions.

Primary Government:

Cash and investments as of December 31, 2006, consist of the following:

	<u>Fair Value</u>
Demand Deposits	479,730
Investments - PTIF	40,030
Construction Escrow	<u>19,713</u>
Total Cash and Investments	<u><u>539,473</u></u>

Cash and investments listed above are classified in the accompanying government-wide statement of net assets as follows:

Governmental Activities - Unrestricted	367,138
Governmental Activities - Restricted	170,380
Agency Fund	<u>1,955</u>
Total Cash and Cash Equivalents	<u><u>539,473</u></u>

Component Units:

Cash and investments as of December 31, 2006, consist of the following:

	<u>Fair Value</u>
Demand Deposits	189,600
Investments - PTIF	<u>113,402</u>
Total Cash and Investments	<u><u>303,002</u></u>

WAYNE COUNTY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Cash and investments listed above are classified in the accompanying government-wide statement of net assets as follows:

Governmental Activities - Unrestricted

303,002

The Utah Money Management Act (UMMA) established specific requirements regarding deposits of public funds by public treasurers. UMMA requires that County funds be deposited with a qualified depository which includes any depository institution which has been certified by the Utah State Commissioner of Financial Institutions as having met the requirements specified in UMMA Section 51, Chapter 7. UMMA provides the formula for determining the amount of public funds which a qualified depository may hold in order to minimize risk of loss and also defines capital requirements which an Institution must maintain to be eligible to accept public funds. UMMA lists the criteria for investments and specifies the assets which are eligible to be invested in, and for some investments, the amount of time to maturity.

UMMA enables the State Treasurer to operate the Public Treasurer's Investment Pool (PTIF). PTIF is managed by the Utah State Treasurer's investment staff and comes under the regulatory authority of the Utah Money Management Council. This council is comprised of a select group of financial professionals from units of local and state government and financial institutions doing business in the state. PTIF operations and portfolio composition is monitored at least semi-annually by Utah Money Management Council. PTIF is unrated by any nationally recognized statistical rating organizations.

Deposits in PTIF are not insured or otherwise guaranteed by the State of Utah. Participants share proportionally in any realized gains or losses on investments which are recorded on an amortized cost basis. The balance available for withdrawal is based on the accounting records maintained by PTIF. The fair value of the investment pool is approximately equal to the value of the pool shares.

Deposits and investments for local government are governed by the Utah Money Management Act (Utah Code Annotated, Title 51, Chapter 7, "the Act") and by rules of the Utah Management Council ("the Council"). Following are discussions of the local government's exposure to various risks related to its cash management activities.

Custodial Credit Risk:

Deposits - Custodial credit risk for deposits is the risk that in the event of a bank failure, the local government's deposits may not be recovered. The local government's policy for managing custodial credit risk is to adhere to the Money Management Act. The Act requires all deposits of the local government to be in a qualified depository, defined as any financial institution whose deposits are insured by an agency of the federal government and which has been certified by the Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council.

WAYNE COUNTY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

As of December 31, 2006, \$526,605 of the local government's bank balances of \$626,605 were uninsured and uncollateralized.

Credit Risk:

Credit risk is the risk that the counterparty of an investment will not fulfill its obligations. The local government's policy for limiting the credit risk of investments is to comply with the Money Management Act.

The local government is authorized to invest in the Utah Public Treasurer's Investment Fund (PTIF), an external pooled investment fund managed by the Utah State Treasurer and subject to the Act and Council requirements. The PTIF is not registered with the SEC as an investment company, and deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah. The PTIF operates and reports to participants on an amortized cost basis. The income, gains and losses, net of administration fees, of the PTIF are allocated based upon the participants' average daily balances.

For the year ended December 31, 2006, the local government has investments of \$40,030 with the PTIF. The entire balance had a maturity less than one year. The PTIF pool has not been rated.

Interest Rate Risk:

Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. The local government manages its exposure to declines in fair value by investments mainly in the PTIF and by adhering to the Money Management Act. The act requires that the remaining term to maturity of investments may not exceed the period of availability of the funds to be invested.

Concentration of Credit Risk:

Concentration of credit risk the risk of loss attributed to the magnitude of a government's investments in a single issuer. PTIF falls under the constraints of UMMA in limiting concentrations of investments.

NOTE 3 - TRANSIENT ROOM TAX

Monies received by the County for transient room tax are designated to be expended for certain specified purposes. Two-thirds of these funds are transferred to the Wayne County Travel Council, a 501C-3 organization, that uses these funds to promote Wayne County.

WAYNE COUNTY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 4 - CAPITAL ASSETS

Capital assets activity for the year ended December 31, 2006, was as follows:

Capital Assets (Primary Government):

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	330,450	-	-	330,450
Land Under Roads	436,650	-	-	436,650
Land - Rights of Way	1,309,950	-	-	1,309,950
Infrastructure	11,724,000	-	-	11,724,000
Construction In Progress	<u>421,272</u>	<u>884,757</u>	<u>1,306,029</u>	<u>-</u>
 Total Capital Assets Not Being Depreciated	 <u>14,222,322</u>	 <u>884,757</u>	 <u>1,306,029</u>	 <u>13,801,050</u>
 Capital Assets Being Depreciated:				
Buildings	1,203,000	1,306,029	-	2,509,029
Equipment	<u>1,252,263</u>	<u>178,899</u>	<u>-</u>	<u>1,431,162</u>
 Total Capital Assets Being Depreciated	 <u>2,455,263</u>	 <u>1,484,928</u>	 <u>-</u>	 <u>3,940,191</u>
 Less Accumulated Depreciation For:				
Buildings	588,475	147,303	-	735,778
Equipment	<u>706,390</u>	<u>62,226</u>	<u>-</u>	<u>768,616</u>
 Total Accumulated Depreciation	 <u>1,294,865</u>	 <u>209,529</u>	 <u>-</u>	 <u>1,504,394</u>
 Total Capital Assets Being Depreciated (Net)	 <u>1,160,398</u>	 <u>1,275,399</u>	 <u>-</u>	 <u>2,435,797</u>
 Governmental Activities Capital Assets, Net	 <u>15,382,720</u>	 <u>2,160,156</u>	 <u>1,306,029</u>	 <u>16,236,847</u>

WAYNE COUNTY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 4 - CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to functions of the Primary Government as follows:

	<u>Governmental Activities</u>
General Government	63,665
Public Safety	37,792
Public Health	11,500
Highways and Public Improvements	90,322
Parks and Recreation	<u>6,250</u>
Total Depreciation Expense	<u><u>209,529</u></u>

Component Units:

Statement of Changes in Capital Assets (Component Units) as of December 31, 2006:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	<u>2,000</u>	<u>-</u>	<u>-</u>	<u>2,000</u>
Capital Assets Being Depreciated:				
Buildings	172,531	-	-	172,531
Improvements	12,500	-	-	12,500
Equipment	<u>653,740</u>	<u>-</u>	<u>-</u>	<u>653,740</u>
Total Capital Assets Being Depreciated	<u>838,771</u>	<u>-</u>	<u>-</u>	<u>838,771</u>
Less Accumulated Depreciation For:				
Buildings	48,356	4,178	-	52,534
Improvements	9,990	830	-	10,820
Equipment	<u>343,974</u>	<u>45,524</u>	<u>-</u>	<u>389,498</u>
Total Accumulated Depreciation	<u>402,320</u>	<u>50,532</u>	<u>-</u>	<u>452,852</u>
Total Capital Assets Being Depreciated (Net)	<u>436,451</u>	<u>(50,532)</u>	<u>-</u>	<u>385,919</u>
Governmental Activities Capital Assets, Net	<u><u>438,451</u></u>	<u><u>(50,532)</u></u>	<u><u>-</u></u>	<u><u>387,919</u></u>

WAYNE COUNTY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 5 - LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS

Closure and Postclosure Care Cost - Municipal Solid Waste Landfill - Class IV:

State and Federal laws and regulations require the County to place a final cover on its landfill site when it stops accepting waste. The final closure of this Class IV Landfill shall consist of leveling waste to the extent practicable, covering with a minimum of two feet of earthen material, and seeding with grass according to the closure plan contained in the permit applications. Wayne County shall also meet the requirements of UAC R315-302-2(6) by recording with the Wayne County Recorder, as part of the record of title, that the property has been used as a landfill. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the County reports a portion of these closure and postclosure care costs as expenditure in the General Fund each period based on landfill capacity used as of each balance sheet date. The \$2,000 reported as landfill closure and postclosure care liability for the Class IV Landfill at December 31, 2006, represents the cumulative amount reported to date based on the use of less than 15% of the estimated capacity of the landfill. The County will recognize the remaining estimated cost of closure and postclosure care of \$5,000 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and postclosure care in 2006. The County expects to close the landfill in the year 2095. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

The County is required by State and Federal laws and regulations to make annual contributions to a trust to finance closure and postclosure care. The County is in compliance with these requirements, and, at December 31, 2006, investments of \$4,000 are held for these purposes. These are reported as restricted assets on the balance sheet. The County expects that future inflation costs will be paid from interest earnings on these annual contributions. However, if interest earnings are inadequate or additional postclosure care requirements are determined (due to changes in technology or applicable laws or regulations, for example), these costs may need to be covered by charges to future landfill users or from future tax revenue.

Closure and Postclosure Care Cost - Municipal Solid Waste Landfill - Class II:

State and Federal laws and regulations require the County to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the County reports a portion of these closure and postclosure care costs as an expenditure in the General Fund each period based on landfill capacity used as of each balance sheet date. The \$12,000 reported as landfill closure and postclosure care liability at December 31, 2006, represents the cumulative amount reported to date based on the use of less than 10% of the estimated capacity of the landfill.

WAYNE COUNTY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 5 - LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS (CONTINUED)

The County will recognize the remaining estimated cost of closure and postclosure care of \$30,000 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and postclosure care in 2006. The County expects to close the landfill in the year 2095. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

The County is required by State and Federal laws and regulations to make annual contributions to a trust to finance closure and postclosure care. The County is in compliance with these requirements, and, at December 31, 2006, investments of \$25,580 are held for these purposes. These are reported as restricted assets on the balance sheet. The County expects that future inflation costs will be paid from interest earnings on these annual contributions. However, if interest earnings are inadequate or additional postclosure care requirements are determined (due to changes in technology or applicable laws or regulations, for example), these costs may need to be covered by charges to future landfill users or from future tax revenue.

NOTE 6 - LONG-TERM DEBT
Primary Government

Class B Road Excise Bond:

On August 17, 1998, Wayne County authorized the issuance of the Wayne County, Utah Excise Tax Road Bonds, Series 1998, in the amount of \$1,136,000 for the purpose of defraying a part of the cost of constructing additions and improvements to certain Class B Roads within the County.

The terms of the bond required quarterly payments of approximately \$42,000 including interest at the rate of 4.35%. These bonds were paid in full during the year.

Community Impact Board Loan - Bicknell Building:

The County secured a loan from the Community Impact Board for \$100,000 for the purpose of constructing a distance education building in Bicknell, Utah. The terms of the loan require yearly payments on September 1, 2003 and for the following four years in the amount of \$6,000. The payment then increases on September 1, 2008 and for the following nine years to \$7,000.

WAYNE COUNTY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 6 - LONG-TERM DEBT (CONTINUED)

The following is a summary of debt service charges to maturity:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007	6,000	-	6,000
2008	7,000	-	7,000
2009	7,000	-	7,000
2010	7,000	-	7,000
2011	7,000	-	7,000
2012-2016	35,000	-	35,000
2017-2021	<u>7,000</u>	<u>-</u>	<u>7,000</u>
Total	<u><u>76,000</u></u>	<u><u>-</u></u>	<u><u>76,000</u></u>

Community Impact Board Loan - Community Center:

During the year the County obtained a loan from the community Impact Board for \$200,000. The purpose of the loan was for financing the costs of acquiring and constructing a community center. The terms of the loan call for yearly payments of \$6,000 for 10 years and \$7,000 for 20 years. The bonds are interest free bonds.

The following is a summary of debt service charges to maturity:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007	6,000	-	6,000
2008	6,000	-	6,000
2009	6,000	-	6,000
2010	6,000	-	6,000
2011	6,000	-	6,000
2012-2016	30,000	-	30,000
2017-2021	35,000	-	35,000
2022-2026	35,000	-	35,000
2027-2031	35,000	-	35,000
2032-2036	<u>35,000</u>	<u>-</u>	<u>35,000</u>
Total	<u><u>200,000</u></u>	<u><u>-</u></u>	<u><u>200,000</u></u>

WAYNE COUNTY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 6 - LONG-TERM DEBT (CONTINUED)

The following is a summary of debt service charges to maturity:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007	12,000	-	12,000
2008	13,000	-	13,000
2009	13,000	-	13,000
2010	13,000	-	13,000
2011	13,000	-	13,000
2012-2016	65,000	-	65,000
2017-2021	42,000	-	42,000
2022-2026	35,000	-	35,000
2027-2031	35,000	-	35,000
2032-2036	35,000	-	35,000
Total	<u>276,000</u>	<u>-</u>	<u>276,000</u>

The following is a statement of changes in Long-Term Debt:

	Balance December 31, <u>2005</u>	<u>Issued</u>	<u>Retired</u>	Balance December 31, <u>2006</u>
Class B Road Excise Bond	166,000	-	166,000	-
CIB Bond - Bicknell Building	82,000	-	6,000	76,000
CIB Bond - Community Center	200,000	-	-	200,000
Ambulance Loan - FWB	14,183	-	14,183	-
	<u>462,183</u>	<u>-</u>	<u>186,183</u>	<u>276,000</u>

Compensated Absences:

At December 31, 2006, the County was liable for accrued vacation pay. The liability computed according to the personnel policy is \$33,978.

	Balance December 31, <u>2005</u>	<u>Additions</u>	<u>Deletions</u>	Balance December 31, <u>2006</u>
Compensated Absences	<u>27,651</u>	<u>6,327</u>	<u>-</u>	<u>33,978</u>

WAYNE COUNTY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 6 - LONG-TERM DEBT (CONTINUED)

Component Units:

Loans Payable:

The following is a statement of changes in Long-Term Debt for the Component Units:

	Balance December 31, 2005	Additions	Deletions	Balance December 31, 2006
Community Impact Board	401,000	-	35,000	366,000

NOTE 7 - MUNICIPAL BUILDING AUTHORITY

On May 21, 2001, the County Commissioners approved a resolution to create a Municipal Building Authority for Wayne County, Utah and approved the forms of articles of incorporation and bylaws relating thereto, and authorized the appropriate officers, the County Commissioners, to take all necessary action in connection with the new Building Authority. The Municipal Building Authority is treated as a blended component unit of the County.

NOTE 8 - CLASS "B" ROADS

The following is a schedule of changes in Class "B" Roads:

Balance - Beginning of Year		220,629
Receipts:		
Class "B" Allotments	882,641	
Interest	6,552	
Sundry	5,111	
	<u> </u>	
Total Receipts		894,304
Disbursements:		
Construction and Maintenance	(865,358)	
Administrative Costs	(50,000)	
Capital Outlay	(29,739)	
Debt Service:		
Principal	(166,000)	
Interest	(3,836)	
	<u> </u>	
Total Disbursements		<u>(1,114,933)</u>
Balance - End of Year		<u> </u>

WAYNE COUNTY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 9 - SPECIAL REVENUE T. V. FUND

The following is a schedule of changes in the Special Revenue TV. Fund:

Balance - Beginning of Year	75,218
Receipts:	
Fees	40,578
Disbursements:	
Salaries and Wages	(3,000)
Employee Benefits	(15,959)
Equipment, Supplies, Maintenance	(26,014)
Utilities	<u>(3,922)</u>
Total Disbursements	<u>(48,895)</u>
Balance - End of Year	<u><u>66,901</u></u>

NOTE 10 - PENSION PLAN

Local Governmental - Cost Sharing

Plan description:

Wayne County contributes to the Local Governmental Noncontributory Retirement System and Public Safety Other Division A Contributory Retirement System for employers with Social Security Coverage both of which are cost-sharing multiple-employer defined benefit pension plans Administered by the Utah Retirement System (Systems). Utah Retirement Systems provide refunds, retirement benefits, annual cost of living adjustments and death benefits to plan members and beneficiaries in accordance with retirement statutes.

The Systems are established and governed by the respective sections of Chapter 49 of the Utah Code Annotated 1953 as amended. The Utah State Retirement Act in Chapter 49 provides for the administration of the Utah Retirement Systems and plans under the direction of the Utah State Retirement Board (Board) whose members are appointed by the Governor. The Systems issue a publicly available financial report that included financial statements and required supplementary information for the State and School Contributory Retirement System and State and School Noncontributory Retirement System. A copy of the report may be obtained by writing to the Utah Retirement Systems, 540 East 200 South, Salt Lake City, UT 84102 or by calling 1-800-365-8772.

WAYNE COUNTY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 10 - PENSION PLAN (CONTINUED)

Funding Policy:

Plan members are required to contribute a percent of their covered salary (all or part may be paid by the employer) to the respective systems to which they belong: 12.29% to the Public Safety Other Division A Contributory Retirement System. Wayne County is required to contribute a percent of covered salary to the respective systems, 11.59% to the Noncontributory and 11.01% to the Public Safety Other Division A Contributory Systems. The contribution rates are the actuarially determined rates and are approved by the Board as authorized by Chapter 49.

Wayne County contributions to the various systems for the years ending December 31, 2006, 2005 and 2004 respectively were; for the Noncontributory System, \$53,155.38, \$49,493.33 and \$45,109.19; and for the Public Safety Other Division A Noncontributory, \$29,302.57, \$25,034.44 and \$23,277.26 respectively. The contributions were equal to the required contributions for each year.

NOTE 11 - RISK MANAGEMENT

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County participates in the Utah Association of Counties Insurance Mutual, a self-funded risk financing pool administered by the Utah Association of Counties. Through the Mutual, the County maintains general liability, errors and omissions, flood, earthquake, newly acquired property, builders risk, unscheduled locations, and crime. The Mutual is reinsured through commercial companies in excess of \$150,000 for property to a limit of \$50,000,000 and \$250,000 for liability to a limit of \$750,000 with a combined excess aggregate of \$1,000,000 to 1,350,000. The Mutual does not provide coverage for all risks and hazards, however, the County has obtained coverage for these risks through other commercial carriers for employee accidental death and dismemberment, workers compensation, and surety bond coverage.

In 2006 the County provided medical and health through a policy with Public Employees Health Plan (PEHP) of Utah. The maximum out-of-pocket expense per person per year is \$1,000 or \$2,000 per family per year.

Claims have not exceeded coverage in any of the last three calendar years.

NOTE 12 - INDIVIDUAL COMPONENT UNIT DISCLOSURES

Wayne County has two component units which are described below:

Governmental Fund Types:

Wayne County Special Service District #1:

The purpose of the District is to provide improvements in roads, public health, hospitals, recreation and other areas as provided by law.

Wayne County Sanitation Special Service District:

The District provides garbage and sanitation services within the County.

WAYNE COUNTY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2006

NOTE 12 - INDIVIDUAL COMPONENT UNIT DISCLOSURES (CONTINUED)

Condensed financial statements for the discretely presented component units for the year ended December 31, 2006, follows:

Governmental Fund Type:

	<u>Wayne County Special Service District #1</u>	<u>Wayne County Sanitation Special Service District</u>	<u>Total</u>
Condensed Balance Sheet:			
Current Assets	785,695	303,002	1,088,697
Property and Equipment	-	387,919	387,919
Total Assets	<u>785,695</u>	<u>690,921</u>	<u>1,476,616</u>
Liabilities:			
Revenue Bonds Payable	-	366,000	366,000
Total Liabilities	-	366,000	366,000
Net Assets:			
Capital Assets-Net of Related Debt	-	21,919	21,919
Unrestricted Assets	785,695	303,002	1,088,697
Total Net Assets	<u>785,695</u>	<u>324,921</u>	<u>1,110,616</u>
Total Liabilities and Net Assets	<u>785,695</u>	<u>690,921</u>	<u>1,476,616</u>

WAYNE COUNTY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2006

NOTE 12 - INDIVIDUAL COMPONENT UNIT DISCLOSURES (CONTINUED)

Condensed Statement of Activities for Component Units That Use Governmental Fund Accounting:

	Wayne County Special Service District #1	Wayne County Sanitation Special Service District	Total
Revenues	381,607	339,376	720,983
Current Expenditures	<u>(180,123)</u>	<u>(338,364)</u>	<u>(518,487)</u>
Changes in Net Assets	201,484	1,012	202,496
Net Assets - Beginning of Year	<u>584,211</u>	<u>323,909</u>	<u>908,120</u>
Net Assets - End of Year	<u><u>785,695</u></u>	<u><u>324,921</u></u>	<u><u>1,110,616</u></u>

Condensed Statement of Changes in Capital Assets for Component Units that Use Governmental Fund Accounting:

Capital Assets:			
Beginning of Year	-	438,451	438,451
Additions	-	-	-
Deletions	<u>-</u>	<u>(50,532)</u>	<u>(50,532)</u>
End of Year	<u><u>-</u></u>	<u><u>387,919</u></u>	<u><u>387,919</u></u>

Condensed Statement of Changes in Long-Term Debt for Component Units that Use Governmental Fund Accounting:

Capital Assets:			
Beginning of Year	-	401,000	401,000
Additions	-	-	-
Deletions	<u>-</u>	<u>(35,000)</u>	<u>(35,000)</u>
End of Year	<u><u>-</u></u>	<u><u>366,000</u></u>	<u><u>366,000</u></u>

**REQUIRED SUPPLEMENTARY
INFORMATION
"UNAUDITED"**

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is used to assist in formatting, for easier reading)

**WAYNE COUNTY
CONDITION RATING OF THE COUNTY'S ROAD SYSTEM**

For The Year Ended December 31, 2006

Percentage of Lane-Miles in Good or Better Condition:

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Paved	95	93	91	89
Gravel	95	94	93	90
Dirt (Native)	90	88	92	93
Bridges	90	90	90	90
Overall System	90	91	92	90

Percentage of Lane-Miles in Substandard Condition:

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Paved	5	4	5	7
Gravel	5	5	6	5
Dirt (Native)	10	12	10	9
Bridges	10	10	10	10
Overall System	10	8	7	8

Comparison of Needed-to-Actual Maintenance/Preservation - Roads and Bridges:

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Paved:				
Needed	178,000	185,000	320,000	400,000
Actual	175,000	180,000	315,000	375,000
Gravel:				
Needed	289,000	300,000	300,000	300,000
Actual	280,000	290,000	310,000	275,000
Dirt (Native):				
Needed	356,000	365,000	350,000	300,000
Actual	345,000	370,000	325,000	300,000
Overall System:				
Needed	820,000	850,000	970,000	1,000,000
Actual	800,000	840,000	950,000	950,000
Difference	<u>(20,000)</u>	<u>(10,000)</u>	<u>(20,000)</u>	<u>(50,000)</u>

The condition of road pavement is measured using the American...(AASHTO) pavement management system, which is based on stress factors found in pavement surfaces. The AASHTO pavement management system uses a measurement that is based on a condition index ranging from zero for a failed pavement to 100 for a pavement in perfect condition. The condition index is used to classify roads in good condition (70-100), fair condition (50-69), and substandard condition (less than 50). It is the County's policy to maintain at least 80 percent of its road system at a good or better condition level. No more than 20 percent should be in substandard condition for paved and gravel roads. Condition assessments are determined every year.

This schedule only presents the information for 2003, 2004, 2005 and 2006. GASB standards require reporting the last three complete condition assessments and needed-to-actual information for 5 years. However, the County implemented these new standards in 2003, and did not collect this information for the prior years. The County will continue to collect and retain this information so that over a period of five years it will be able to report the required information.

The condition of the County's bridges is determined using its Bridge Management and Inspection Program (BMIP). The bridge condition rating, which is a weighted average of an assessment of the ability of individual components to function structurally, uses a numerical condition scale ranging from 1.0 (impaired or load restricted) to 7.0 (new). It is the County's policy to keep the number and square footage of deck area of bridges with a condition rating of 1.0 to 1.9 below 1 percent. All bridges are inspected every two years.

**WAYNE COUNTY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

For The Year Ended December 31, 2006

Budgetary Comparison Schedules:

The Budgetary Comparison Schedules presented in this section of the report are for the County's General Fund, Class B Road Fund and Municipal Building Authority Fund.

Budgeting and Budgetary Control:

Budgets for the General Fund are legally required and are prepared and adopted on the modified accrual basis of accounting.

Original budgets represent the revenue estimates and spending authority authorized by the County Commission prior to the beginning of the year. Final budgets represent the original budget amounts plus any amendments made to the budget during the year by the Commission through formal resolution. Final budgets do not include unexpended balances from the prior year because such balances automatically lapse to unreserved fund balance at the end of each year.

**WAYNE COUNTY
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

For The Year Ended December 31, 2006

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> <u>(Budgetary Basis)</u>	<u>Variance With</u> <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>	<u>(See Note A)</u>	<u>Positive</u> <u>(Negative)</u>
Revenues:				
Property Taxes	329,300	329,300	465,452	136,152
Fee-In-Lieu	35,000	35,000	67,153	32,153
Sales Taxes	188,000	188,000	218,406	30,406
Transient Room Tax	89,000	89,000	108,339	19,339
Restaurant Tax	-	41,500	34,479	(7,021)
Licenses and Permits	55,200	55,200	74,303	19,103
Intergovernmental Revenue	666,442	815,992	1,346,740	530,748
Charges for Services	276,000	294,000	277,228	(16,772)
Fines and Forfeitures	55,000	55,000	67,010	12,010
Interest	20,000	270,000	51,656	(218,344)
Miscellaneous Revenue	37,000	41,239	83,932	42,693
Use of Surplus	233,804	195,804	-	(195,804)
Total Revenues	1,984,746	2,410,035	2,794,698	384,663
Expenditures:				
General Government:				
Commission	109,497	109,497	106,440	3,057
District Court	43,131	43,131	42,633	498
J. P. Court	54,225	54,225	54,151	74
Public Defender	9,000	9,000	6,000	3,000
Data Processing	59,237	59,237	25,554	33,683
Microfilm and Copy Machine	8,511	8,511	529	7,982
Audit	-	10,500	10,500	-
Clerk/Auditor	89,140	89,140	83,437	5,703
Treasurer/Recorder	78,214	78,214	74,548	3,666
Attorney	44,300	44,300	44,265	35
Assessor	78,509	78,509	77,009	1,500
Non-Departmental	40,356	40,356	825,014	(784,658)
General Government Buildings	83,500	333,500	84,499	249,001
Elections	77,212	23,306	68,606	(45,300)
Planning and Zoning	5,500	5,500	3,947	1,553
Building Department	-	58,906	54,541	4,365
Education and Community Programs	100,000	103,500	146,470	(42,970)
Total General Government	880,332	1,149,332	1,708,143	(558,811)

**WAYNE COUNTY
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

For The Year Ended December 31, 2006

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> <u>(Budgetary Basis)</u> <u>(See Note A)</u>	<u>Variance With</u> <u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Expenditures (Continued):				
Public Safety:				
Law Enforcement	375,303	419,303	402,455	16,848
Search and Rescue	7,450	9,829	9,828	1
Fire Departments	56,233	94,983	93,352	1,631
Animal Control	5,500	12,900	12,865	35
Emergency Management	329,356	383,356	383,154	202
Weed Control	30,060	33,060	32,775	285
Total Public Safety	<u>803,902</u>	<u>953,431</u>	<u>934,429</u>	<u>19,002</u>
Public Health:				
Public/Mental Health	<u>32,500</u>	<u>32,500</u>	<u>30,886</u>	<u>1,614</u>
Parks and Recreation:				
Parks and Recreation	3,300	3,300	3,033	267
Swimming Pool	37,000	42,652	38,920	3,732
Library	<u>42,652</u>	<u>41,000</u>	<u>40,430</u>	<u>570</u>
Total Parks and Recreation	<u>82,952</u>	<u>86,952</u>	<u>82,383</u>	<u>4,569</u>
Conservation and Economic Development:				
Airport	27,522	27,522	16,599	10,923
Extension Services	43,600	43,600	43,458	142
Cloud Seeding	500	500	500	-
County Fair and State Fair	12,000	14,760	14,580	180
Economic Development	85,120	85,120	46,081	39,039
Distance Education	<u>16,318</u>	<u>16,318</u>	<u>13,743</u>	<u>2,575</u>
Total Conservation and Economic Development	<u>185,060</u>	<u>187,820</u>	<u>134,961</u>	<u>52,859</u>
Total Expenditures	<u>1,984,746</u>	<u>2,410,035</u>	<u>2,890,802</u>	<u>(480,767)</u>
Excess Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	(96,104)	<u>(96,104)</u>
Fund Balance - Beginning			<u>594,061</u>	
Fund Balance - Ending			<u>497,957</u>	

**WAYNE COUNTY
BUDGETARY COMPARISON SCHEDULE
CLASS B ROAD**

For The Year Ended December 31, 2006

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> <u>(Budgetary Basis)</u> <u>(See Note A)</u>	<u>Variance With</u> <u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Class B Road Allotment	1,177,874	1,020,000	882,641	(137,359)
Interest	-	7,874	-	(7,874)
Intergovernmental	-	-	6,552	6,552
Miscellaneous	-	-	5,112	5,112
Use of Surplus	-	150,000	-	(150,000)
Total Revenues	<u>1,177,874</u>	<u>1,177,874</u>	<u>894,305</u>	<u>(283,569)</u>
Expenditures:				
County Roads	<u>1,177,874</u>	<u>1,177,874</u>	<u>1,139,147</u>	<u>38,727</u>
Total Expenditures	<u>1,177,874</u>	<u>1,177,874</u>	<u>1,139,147</u>	<u>38,727</u>
Excess Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>(244,842)</u>	<u>(244,842)</u>
Fund Balance - Beginning			<u>220,628</u>	
Fund Balance - Ending			<u>(24,214)</u>	

**WAYNE COUNTY
BUDGETARY COMPARISON SCHEDULE
MUNICIPAL BUILDING AUTHORITY**

For The Year Ended December 31, 2006

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> (Budgetary Basis) (See Note A)	<u>Variance With</u> <u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Interest	-	-	6,002	6,002
Intergovernmental	1,050,000	1,050,000	719,572	(330,428)
Miscellaneous	157,500	157,500	7,225	(150,275)
Total Revenues	<u>1,207,500</u>	<u>1,207,500</u>	<u>732,799</u>	<u>(474,701)</u>
Expenditures:				
Debt Service	-	-	1,250	(1,250)
Capital Outlay	1,207,500	1,207,500	884,757	322,743
Total Expenditures	<u>1,207,500</u>	<u>1,207,500</u>	<u>886,007</u>	<u>321,493</u>
Excess Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>(153,208)</u>	<u>(153,208)</u>
Fund Balance - Beginning			<u>197,704</u>	
Fund Balance - Ending			<u>44,496</u>	

**COMBINING FINANCIAL
STATEMENTS AND SCHEDULES**

(This page contains no information and
is used to assist in formatting, for easier reading)

WAYNE COUNTY
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL FIDUCIARY FUNDS

For The Year Ended December 31, 2006

	Balance December 31, 2005	Additions	Deletions	Balance December 31, 2006
PROPERTY TAX FUND				
ASSETS				
Cash	(24,418)	1,738,011	1,714,072	(479)
Taxes Receivable	36,370	19,056	36,370	19,056
TOTAL ASSETS	<u>11,952</u>	<u>1,757,067</u>	<u>1,750,442</u>	<u>18,577</u>
LIABILITIES				
Collections Payable	25,945	241,074	259,040	7,979
Due to Taxing Units	(13,993)	1,479,623	1,455,032	10,598
TOTAL LIABILITIES	<u>11,952</u>	<u>1,720,697</u>	<u>1,714,072</u>	<u>18,577</u>
CLERK'S TRUST FUND				
ASSETS				
Cash	2,443	5,671	5,680	2,434
LIABILITIES				
Deposits Payable	2,443	5,671	5,680	2,434
JUSTICE COURT				
ASSETS				
Cash	95	12,054	12,149	-
LIABILITIES				
Collections Payable	95	12,054	12,149	-
TOTALS - ALL AGENCY FUNDS				
ASSETS				
Cash	(21,880)	1,755,736	1,731,901	1,955
Taxes Receivable	36,370	19,056	36,370	19,056
TOTAL ASSETS	<u>14,490</u>	<u>1,774,792</u>	<u>1,768,271</u>	<u>21,011</u>
LIABILITIES				
Collections Payable	26,040	253,128	271,189	7,979
Due to Taxing Units	(13,993)	1,479,623	1,455,032	10,598
Deposits Payable	2,443	5,671	5,680	2,434
TOTAL LIABILITIES	<u>14,490</u>	<u>1,738,422</u>	<u>1,731,901</u>	<u>21,011</u>

**WAYNE COUNTY
TREASURER'S TRUST FUND
BALANCE SHEET**

December 31, 2006

ASSETS:

Cash in Savings	(31,335)
Cash at PTIF	30,856
Due from General Fund	3,184
Taxes Receivable	<u>15,872</u>
TOTAL ASSETS	<u><u>18,577</u></u>

LIABILITIES:

Collection Payable	7,979
Due to Taxing Units	<u>10,598</u>
TOTAL LIABILITIES	<u><u>18,577</u></u>

**WAYNE COUNTY
COUNTY TREASURER
CURRENT YEARS TAXABLE VALUES**

December 31, 2006

TAXING UNITS

County Funds:

General

State Assessing/Collecting

Local Assessing/Collecting

Total County Funds

24

Wayne County School District

Cities and Towns:

Bicknell

Loa

Lyman

Torrey

Hanksville

Total Cities and Towns

Water Conservancy District

GRAND TOTALS

	Real Property and Centrally Assessed Values	Real and Centrally Assessed Tax Rates	Taxes Charged	Personal Property Values	Personal Property Tax Rates	Personal Property Taxes Charged	Total Taxes Charged
General	157,409,325	.002005	315,606	4,638,087	.002018	9,360	324,965
State Assessing/Collecting	157,409,325	.000139	21,880	4,638,087	.000173	802	22,682
Local Assessing/Collecting	157,409,325	.000300	47,223	4,638,087	.000300	1,391	48,614
Total County Funds			<u>384,708</u>			<u>11,553</u>	<u>396,262</u>
Wayne County School District	157,409,325	.004617	726,759	4,638,087	.004772	22,133	748,892
Cities and Towns:							
Bicknell	10,820,535	.000296	3,203	1,020,419	.000297	303	3,506
Loa	17,664,925	.000303	5,352	733,888	.000301	221	5,573
Lyman	6,192,180	.000463	2,867	106,101	.000465	49	2,916
Torrey	11,273,325	.000246	2,773	223,861	.000247	55	2,829
Hanksville	4,846,580	.001117	5,414	146,099	.001108	162	5,576
Total Cities and Towns			<u>19,609</u>			<u>790</u>	<u>20,400</u>
Water Conservancy District	157,409,325	.000042	6,611	4,638,087	.000042	195	6,806
GRAND TOTALS			<u>1,137,688</u>			<u>34,672</u>	<u>1,172,359</u>

**WAYNE COUNTY
COUNTY TREASURER
STATEMENT OF TAXES CHARGED, COLLECTED AND DISBURSED
CURRENT AND PRIOR YEARS**

December 31, 2006

TAXING UNITS	Current Years Taxes			
	Taxes Charged	Treasurer's Relief		
		Unpaid Taxes	Abatements	Other
County Funds:				
General	<u>324,965</u>	<u>19,671</u>	<u>1,361</u>	<u>1,048</u>
Assessing and Collecting - State	<u>22,682</u>	<u>1,364</u>	<u>94</u>	<u>106</u>
Assessing and Collecting - Local	<u>48,614</u>	<u>2,943</u>	<u>204</u>	<u>155</u>
Wayne County Water Conservancy District	<u>6,806</u>	<u>412</u>	<u>29</u>	<u>22</u>
Wayne County School District	<u>748,892</u>	<u>45,297</u>	<u>3,135</u>	<u>2,537</u>
Towns:				
Bicknell	3,506	146	17	33
Loa	5,573	136	24	17
Lyman	2,916	228	48	15
Torrey	2,829	64	40	11
Hanksville	<u>5,576</u>	<u>798</u>	<u>19</u>	<u>(50)</u>
Total Towns	<u>20,400</u>	<u>1,372</u>	<u>148</u>	<u>26</u>
GRAND TOTALS	<u>1,172,359</u>	<u>71,059</u>	<u>4,971</u>	<u>3,894</u>

Current Years Taxes			Other Collections			
<u>Total</u>					<u>Delinquencies</u>	
<u>Treasurer's Relief</u>	<u>Taxes Collected</u>	<u>Percent Collected</u>	<u>Fee In Lieu</u>	<u>Miscellaneous Collections</u>	<u>Tax</u>	<u>Penalty/ Interest</u>
<u>22,080</u>	<u>302,885</u>	<u>93.21%</u>	<u>67,153</u>	<u>13,270</u>	<u>13,206</u>	<u>4,794</u>
<u>1,564</u>	<u>21,118</u>	<u>93.10%</u>	<u>5,757</u>	<u>1,158</u>	<u>1,206</u>	<u>68</u>
<u>3,302</u>	<u>45,312</u>	<u>93.21%</u>	<u>9,983</u>	<u>1,973</u>	<u>1,692</u>	<u>78</u>
<u>463</u>	<u>6,343</u>	<u>93.20%</u>	<u>1,397</u>	<u>281</u>	<u>289</u>	<u>16</u>
<u>50,969</u>	<u>697,923</u>	<u>93.19%</u>	<u>158,798</u>	<u>31,837</u>	<u>33,021</u>	<u>1,854</u>
196	3,310	94.41%	1,544	148	54	3
177	5,396	96.82%	3,048	236	75	2
291	2,625	90.02%	1,167	113	116	11
115	2,714	95.93%	455	120	23	2
<u>767</u>	<u>4,809</u>	<u>86.24%</u>	<u>1,757</u>	<u>214</u>	<u>695</u>	<u>40</u>
<u>1,546</u>	<u>18,854</u>	<u>92.42%</u>	<u>7,971</u>	<u>831</u>	<u>963</u>	<u>58</u>
<u>79,924</u>	<u>1,092,435</u>	<u>93.18%</u>	<u>251,059</u>	<u>49,350</u>	<u>50,377</u>	<u>6,868</u>

**WAYNE COUNTY
TAX COLLECTION TRUST FUND
CASH RECEIPTS AND DISBURSEMENTS**

For The Year Ended December 31, 2006

	Treasurer's Balance December 31, 2005	Tax Collection Receipts	Current Taxes Apportioned	Fee-In-Lieu Apportioned
Tax Collection Accounts:				
Current Years Taxes	-	1,088,907	(1,088,907)	-
Fee-In-Lieu	-	251,059	-	(251,059)
Redemption of Prior Years Taxes	-	57,245	-	-
Special Current Apportionment	-	13,157	-	-
Motor Carrier	-	49,350	-	-
Unapportioned Collections	15,674	-	-	-
Bank Interest	1,410	2,488	-	-
Advance Payments	3,528	-	(3,528)	-
Tax Sale Proceeds	5,333	-	-	-
Refunds	-	6,616	-	-
Sanitation	-	158,560	-	-
Television	-	39,993	-	-
Forest Reserve	-	36,945	-	-
Total	<u>25,945</u>	<u>1,704,320</u>	<u>(1,092,435)</u>	<u>(251,059)</u>
Taxing Units:				
County General Fund	-	-	302,885	67,153
Assessing and Collecting - State	-	-	21,118	5,757
Assessing and Collecting - Local	-	-	45,312	9,983
Wayne Co. Water Conservancy Dist.	153	-	6,343	1,397
Wayne County School District	-	-	697,923	158,798
Towns:				
Bicknell	67	-	3,310	1,544
Loa	35	-	5,396	3,048
Lyman	67	-	2,625	1,167
Torrey	101	-	2,714	455
Hanksville	<u>1,961</u>	<u>-</u>	<u>4,809</u>	<u>1,757</u>
Total Due Taxing Units	<u>2,384</u>	<u>-</u>	<u>1,092,435</u>	<u>251,059</u>
GRAND TOTALS	<u><u>28,329</u></u>	<u><u>1,704,320</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

<u>Miscellaneous Collections Approtioned</u>	<u>Special Apportionment</u>	<u>Delinquent Taxes and Interest Apportioned</u>	<u>Total</u>	<u>Disbursements</u>	<u>Treasurer's Balance December 31, 2006</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	(57,245)	-	-	-
-	(13,157)	-	-	-	-
(49,350)	-	-	-	-	-
-	-	-	15,674	15,674	-
-	-	-	3,898	2,435	1,463
-	-	-	-	-	-
-	-	-	5,333	-	5,333
-	-	-	6,616	5,433	1,183
-	-	-	158,560	158,560	-
-	-	-	39,993	39,993	-
-	-	-	36,945	36,945	-
<u>(49,350)</u>	<u>(13,157)</u>	<u>(57,245)</u>	<u>267,019</u>	<u>259,040</u>	<u>7,979</u>
13,270	3,593	18,000	404,901	404,901	-
1,158	318	1,274	29,625	29,625	-
1,973	241	1,770	59,279	59,279	-
281	76	305	8,555	8,465	90
31,837	8,704	34,875	932,137	921,897	10,240
148	44	57	5,170	5,122	48
236	67	77	8,859	8,783	76
113	29	127	4,128	4,092	36
120	28	25	3,443	3,404	39
214	57	735	9,533	9,464	69
<u>49,350</u>	<u>13,157</u>	<u>57,245</u>	<u>1,465,630</u>	<u>1,455,032</u>	<u>10,598</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>1,732,649</u>	<u>1,714,072</u>	<u>18,577</u>

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is used to assist in formatting, for easier reading)

COMPLIANCE SECTION

Kimball & Roberts

Certified Public Accountants

A Professional Corporation

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

The Honorable Board of County Commissioners
Wayne County
Loa, Utah 84747

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of Wayne County as and for the year ended December 31, 2006, which collectively comprise Wayne County's basic financial statements and have issued our report thereon dated May 24, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Wayne County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Wayne County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Wayne County's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency or combination of control deficiencies, that adversely affects Wayne County's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of Wayne County's financial statements that is more than inconsequential will not be prevented or detected by Wayne County's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by Wayne County's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Wayne County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to the management of Wayne County in a separate letter dated May 24, 2007.

This report is intended solely for the information and use of management, County Commission and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



KIMBALL & ROBERTS, P. C.
Certified Public Accountants

May 24, 2007
Richfield, Utah

Kimball & Roberts

Certified Public Accountants

A Professional Corporation

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Richfield, Utah 84701

Phone 896-6488

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

The Honorable Board of County Commissioners
Wayne County
Loa, Utah 84747

Compliance

We have audited the compliance of Wayne County with the types of compliance requirements described in the *U. S. Office of Management of and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2006. Wayne County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Wayne County's management. Our responsibility is to express an opinion on Wayne County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of State and Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Wayne County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Wayne County's compliance with those requirements.


In our opinion, Wayne County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2006.

Internal Control Over Compliance

The management of Wayne County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Wayne County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirement of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of management, County Commission, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.


KIMBALL & ROBERTS, P. C.
Certified Public Accountants

May 24, 2007
Richfield, Utah

WAYNE COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For The Year Ended December 31, 2006

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of Wayne County.
2. No reportable conditions relating to the audit of the financial statements are reported in the Auditor's report on Internal Control and Compliance With Laws and Regulations.
3. No instances of noncompliance material to the financial statements of Wayne County were disclosed during the audit.
4. No material weaknesses relating to the audit of the major federal award programs are reported in the Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133.
5. The auditor's report on compliance for the major federal award programs for Wayne County expresses an unqualified opinion.
6. There were no reportable conditions relative to the major federal award programs for Wayne County.
7. The programs tested as major programs include: Department of Agriculture, Soil and Water Conservation, CFDA 10.902; and Department of Housing and Urban Development, Community Development Block Grant/Brownfields Economic Development Initiative, CFDA 14.246.
8. The threshold for distinguishing between Type A and B programs is \$300,000 of federal awards expended.
9. Wayne County did not qualify as a low-risk auditee.

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

None.

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

None.

**WAYNE COUNTY
SCHEDULE OF FEDERAL AWARDS EXPENDED**

For The Year Ended December 31, 2006

<u>Federal Grantor/Pass Through Grantor</u>	<u>Federal CFDA Number</u>	<u>Direct or Pass-Through Grantors Number</u>	<u>Disbursement/ Expenditures</u>
Direct Assistance:			
Department of Agriculture:			
Soil and Water Conservation	10.902	N/A	782,720
Cooperative Forestry Assistance	10.664	N/A	10,000
Schools and Roads - Grants to Counties	10.666	N/A	<u>36,945</u>
Total Department of Agriculture			<u>829,665</u>
Department of the Housing and Urban Development:			
Community Development Block Grants/ Brownfields Economic Development Initiative	14.246	N/A	<u>644,800</u>
Total Department of Housing and Urban Development			<u>644,800</u>
Total Direct Assistance		N/A	<u>1,474,465</u>
Indirect Assistance:			
Department of Housing and Urban Development:			
Passed Through Utah Department of Community and Economic Development:			
Community Development Block Grant	14.228	B-O6-DC-49-001	<u>46,081</u>
Total Department of Housing and Urban Development			<u>46,081</u>

(Continued)

**WAYNE COUNTY
SCHEDULE OF FEDERAL AWARDS EXPENDED**

For The Year Ended December 31, 2006

<u>Federal Grantor/Pass Through Grantor</u>	<u>Federal CFDA Number</u>	<u>Direct or Pass-Through Grantors Number</u>	<u>Disbursement/ Expenditures</u>
Indirect Assistance (Continued):			
Election Assistance Commission:			
Passed Through Utah State Lieutenant Governor's Office:			
Help America Vote Act Requirements Payments	90.401	AR1910	~ 48,846
Total Election Assistance Commission			48,846
Department of Homeland Security:			
Passed Through Department of Public Safety:			
State Domestic Preparedness Equipment Support Program	97.004	03-HLS1	2,849
	97.004	03-HLS2	880
	97.004	04-SHSP	97,840
	97.004	05-SHSP	1,500
	97.004	04-LEPT	42,209
	97.004	05-LEPT	1,000
Total Department of Homeland Security			146,278
Total Indirect Assistance			241,205
Total Federal Assistance			1,715,670

~ See footnote on next page for details regarding Voting Election Machines activity during the year.

**WAYNE COUNTY
SCHEDULE OF FEDERAL AWARDS EXPENDED**

For The Year Ended December 31, 2006

NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDED

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

General:

The accompanying Schedule of Federal Awards Expended presents the activity of all federal financial assistance programs of Wayne County. The reporting entity, Wayne County, is defined in Note 1 to the basic financial statements. Federal awards received directly from federal agencies as well as federal passed-through other government agencies are included on the Schedule of Federal Awards Expended.

Basis of Accounting:

The accompanying Schedule of Federal Awards Expended is presented using the modified accrual basis of accounting for assistance received by governmental fund types, which is described in Note 1 to Wayne County's basic financial statements.

Noncash Assistance:

Wayne County received ten voting machines and related equipment through the Utah State Lieutenant Governor's office valued at \$48,846. This amount is shown as an expenditure on the schedule of federal awards expended. The noncash award has been shown in the financial statements together with the proper expenditure.

**WAYNE COUNTY
SCHEDULE OF PRIOR AUDIT FINDINGS**

For The Year Ended December 31, 2006

There were no prior audit findings.

Kimball & Roberts

Certified Public Accountants

A Professional Corporation

Box 663

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Phone 896-6488

AUDITOR'S REPORT ON STATE LEGAL COMPLIANCE

The Honorable Board of County Commissioners
Wayne County
Loa, Utah 84747

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of Wayne County, for the year ended December 31, 2006, and have issued our report thereon dated May 24, 2007. As part of our audit, we have audited Wayne County's compliance with the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; reporting; special tests and provisions applicable to each of its major State assistance programs as required by the State of Utah Legal Compliance Audit Guide for the year ended December 31, 2006. The County received the following major State assistance programs from the State of Utah:

B Road Funds (Department of Transportation)
Liquor Law Enforcement (State Tax Commission)

The County also received the following nonmajor grants that are not required to be audited for specific compliance requirements: (However, these programs were subject to testwork as part of the audit of Wayne County's financial statements.)

Hasmat Training (Department of Public Safety)
Library Grant (Department of Community and Economic Development)
Bookmobile Grant (Department of Community and Economic Development)
EMS (Department of Public Safety)
Predator Control (Department of Agriculture)
Mineral Lease (Department of Community and Economic Development)
Road Recordation (Department of Natural Resources)
Ambulance (Department of Health)
Mosquito Control Grant (Department of Agriculture)
Citizen Corp (Department of Public Safety)

Our audit also included testwork on the County's compliance with those general compliance requirements identified in the State of Utah Legal Compliance Audit Guide, including:

Public Debt
Cash Management
Purchasing Requirements
Budgetary Compliance
Truth in Taxation & Property Tax Limitations
Liquor Law Enforcement
Justice Court
B & C Road Funds


Other General Issues
Uniform Building Code Standards
Statement of Taxes Charged
Collected & Disbursed
Assessing and Collecting of
Property Taxes
Transient Room Tax

The management of Wayne County is responsible for the County's compliance with all compliance requirements identified above. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

The results of our audit procedures disclosed immaterial instances of noncompliance with the requirements referred to above, which are described in the accompanying management letter. We considered these instances of noncompliance in forming our opinion on compliance, which is expressed in the following paragraph.

In our opinion, Wayne County, complied, in all material respects, with the general compliance requirements identified above and the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; reporting; and special tests and provisions that are applicable to its major State assistance programs for the year ended December 31, 2006.


KIMBALL & ROBERTS, P. C.
Certified Public Accountants

May 24, 2007
Richfield, Utah

**WAYNE COUNTY
MANAGEMENT LETTER
DECEMBER 31, 2006**

Kimball & Roberts

Certified Public Accountants

A Professional Corporation

Box 663

Richfield, Utah 84701

Phone 896-6488

May 24, 2007

Honorable Board of County Commissioners
Wayne County
Loa, Utah 84747

During our audit of the funds of Wayne County for the year ended December 31, 2006, we noted a certain areas needing corrective action in order for the County to be in compliance with state laws and regulations. We also found circumstances that, if improved, would strengthen the County's accounting system and control over its assets. These items are discussed below for your consideration.

COMPLIANCE:

Purchasing Requirements

Counties, municipalities and interlocal agencies created by counties and municipalities are required to adopt purchasing policies and procedures. These entities must comply with these policies and procedures when procuring supplies, services and construction.

Finding:

During our tests of purchasing requirements we noted that the policies and procedures for the County need to be updated to include the provisions recommended by the State.

Recommendation:

We recommend that the County adopt purchasing policies and procedures that include the provisions recommended by the State for purchases of supplies, services and construction.

Management Response:

A draft purchasing policy has been presented to the County Commission and a decision to adopt the policy will be forthcoming.

Budgetary Compliance – Advertising Public Hearing

The governing body of the County is required to establish the time and place of the public hearing to consider the adoption of the budget and to publish notice of the hearing at least seven days prior to the hearing in at least one issue of a newspaper of general circulation published within the County's jurisdiction.

Finding:

We noted that the public hearing for the adoption of the budget for 2006 was not advertised for at least seven days before the hearing.

Recommendation:

We recommend that the County advertise the public hearing for the adoption of the budget at least seven days prior to the public hearing.

Management Response:

We have reviewed the above finding with management and management agrees with the recommendation.

Budgetary Compliance – Over expenditures in Budget

Finding:

We noted during the audit that the County exceeded the budget by \$782,720 in non-departmental, \$45,300 in elections and \$42,970 in education and community programs.

The over expenditure in non-departmental was due to a pass-through grant to another County entity of \$783,720 which was not budgeted.

The elections department was over expended because the voting machines contributed from the State were not budgeted. The total value of the voting machines was \$48,846.

Education and Community Programs was over expended because of payments to the Wayne County Travel Council in December that were not budgeted.

Recommendation:

We recommend that as the County becomes aware of unplanned grants, non-cash awards or pass-through funds, a public hearing be advertised and held to amend the budget. The appropriate revenue accounts should be increased accordingly and the department expenditures increased for the use of these funds.

Management Response:

We have reviewed the above finding with management and management agrees with the recommendation.

INTERNAL CONTROLS:

Liability Accounts

Finding:

During our audit of the general ledger we noted that the liability accounts were out of balance and had not been reconciled.

Recommendation:

Although the liability accounts were immaterial in nature, we recommend that the liability accounts be balanced on a monthly basis and the proper postings to the expenditure accounts be made.

Management Response:

We have reviewed the above finding with management and management agrees with the recommendation.

Cash Accounts

Finding:

Out audit of cash accounts revealed that the Treasurer and Auditor had not been reconciling the Treasurer's cash to the Auditor's cash.

Recommendation:

We recommend that the Treasurer and Auditor reconcile the bank balances on a monthly basis and that the reconciled balances agree with the general ledger amounts.

Management Response:

We have reviewed the above finding with management and management agrees with the recommendation.

Grant Money

Finding:

Out audit of the accounting for the construction of the community center revealed that the transactions had not been recorded on the books of the Municipal Building Authority Fund on a timely basis.

Recommendation:

We recommend that all transactions be recorded through the general ledger in the accounting system of the County on a timely basis.

Management Response:

We have reviewed the above finding with management and management agrees with the recommendation.

Due From Other Governmental Units

Finding:

Although the receivables at year-end had been identified, they had not been booked through the general ledger on a timely basis.

Recommendation:

We recommend that all receivables be identified at year-end and entered on the books of the County as soon as the proper amounts are known.

Management Response:

We have reviewed the above finding with management and management agrees with the recommendation.

We would like to take this opportunity to thank Wayne County's personnel for the cooperation and assistance given to us during the course of our examination.

Respectfully submitted,


KIMBALL & ROBERTS
Certified Public Accountants

DKK/vl